

SATIS **MERCHANDISER**

R.J. Reynolds Tobacco Co./Sales Dept./Special Issue July-August 1983

AMERICAN
BANK



**NEW ORLEANS — The Challenge
of the 'Big Easy'**

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—SHORT CALLS—

Fitzgerald is selected outstanding young man

Donald P. Fitzgerald, assistant division manager in the Macon, Ga., division, has been selected for inclusion in the 1983 edition of Outstanding Young Men of America.

Fitzgerald was one of several young men from across the nation selected for the honor by the Outstanding Young Men of America Awards Program.

The program recognizes the achievements and abilities of men between 21 and 36. They are honored for their outstanding civic and professional contributions to their communities, their states and their nation.

Honorees are selected from nominations received from senators, congressmen, governors, mayors, state legislators, university and college presidents and deans, as well as various civic groups.

Tax revisions in Ill. pave way for Century

Century cigarettes will be available in one of the nation's largest metropolitan areas this fall, following passage last month of cigarette tax revisions by the Chicago and Cook County, Ill., governments.

These two areas were not included in the Illinois introduction of Century in July because governments there taxed cigarettes on the basis of a package of 20 units. That meant that a package of Century would have been taxed as though it contained 40 cigarettes rather than 25.

The Chicago City Council's Aug. 10 decision to change its cigarette tax determination method to an individual cigarette basis followed a sim-

ilar move by the Cook County Board of Commissioners Aug. 1.

Century should be in Chicago retail outlets no later than the end of October.

Similar tax revisions are pending in the New Jersey and Ohio legislatures.

First structural beam marks plant's progress

The Tobaccoville manufacturing plant started to take shape last month when its first steel beam was set into place. Reynolds Tobacco President Gerald H. Long called the event "extremely important, because it gives visible evidence of the progress that this plant is making."

"Construction of the plant is on schedule and continues to represent the major commitment by R.J. Reynolds Industries and R.J. Reynolds Tobacco management to the Tobacco Company's future," Long said.

When it begins operations in early 1986, the 2-million-square-foot plant will be the world's largest and most modern cigarette plant.

Correction

The gremlins crept into the word processors, and consequently several Field Sales personnel were incorrectly identified in the Military Sales section of the May-June *Sales Merchandiser*.

E.C. Wheedleton Jr., military/institutional sales manager in the Alexandria, Va., division was incorrectly identified as W.C. Wheedleton Jr.

Also, R.A. Pack, area sales representative in the Nashville, Tenn., division was incorrectly identified as R.A. Peck.

The editor regrets the errors.

Tobacco's top chanters compete for world title

The rhythmic lilt of the tobacco auctioneer will be the focus of attention when contestants from all tobacco states vie for top honors in the third annual World Tobacco Auctioneering Championship Oct. 8 in Danville, Va.

The contest, sponsored by Reynolds Tobacco as part of its "Pride in Tobacco" program, climaxes the Oct. 2-8 Danville Harvest Jubilee.

By early September, more than 70 of the best tobacco auctioneers in the world had signed up to compete.

Contestants will be judged on the basis of their chants, ability to catch bids, pace and salesmanship during a mock tobacco sale.

Reynolds Tobacco, working closely with the Danville Tobacco Association, developed the championship in 1981 to recognize the tobacco auctioneer and his colorful profession. Last year, more than 15,000 spectators braved a chilly rain to watch Virginian Page Roberts outchant 71 other auctioneers to win the title.

The 1982 contest also drew a large media following. Televised coverage of the event reached almost every home in America through spots on all three networks, ABC, CBS, and NBC, as well as on Cable News Network and Satellite News. PM Magazine crews from North Carolina and Virginia also covered the event.

Radio coverage included stories on the ABC, CBS, RKO and Mutual Broadcasting networks. In all, some 2.5 billion people watched or listened to the world-class chanting. Associated Press and United Press International, the nation's major wire services, distributed stories about the colorful event to every major daily newspaper in the country.

MEMO

From the Vice President, Field Sales



Much of this *Sales Merchandiser* deals with merchandising, one of the most important aspects of our business. The stories speak to the development of the Overhead Package Merchandiser and to some very creative strategy used in the Field to sell our merchandising programs.

I'd like to speak more specifically to the aggressive posture our company takes in merchandising. Our merchandising programs are costly, but not just from a monetary standpoint. They also require a great deal of our time to develop and implement. Package and carton fixtures often require months of design preparation and testing before they are available to you. Then the job of selling the programs to retail stores is yours, and that requires the time of everyone in Field Sales.

Our merchandising programs are designed to meet the needs of the retail environment. We have approximately 400 different package and carton items. There are 100 carton pay plans and 51 package pay plans in effect. That represents a sophistication in our programs none of our competitors can match.

We measure the effectiveness of our merchandising programs by a number of criteria. The first is **volume**. In order to justify their expense, our merchandising programs must be able to accommodate the present volume of our business — to prevent out of stocks by having sufficient product on the shelves. The second is **space expansion**. By that I mean the ability to expand to meet space requirements we will need in the future. The third is the ability of our fixtures to project a forceful advertising image, and that's **dominance**.

We can be proud of our accomplishments in the field of merchandising. We have built a solid foundation for our business in virtually every major retail establishment in the country. As our industry becomes even more competitive, I'm confident that our merchandising programs will pay dividends many times over our investment.

Good Selling!

A handwritten signature in cursive script that reads "Ralph Angiuoli".

Ralph Angiuoli

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Fleet Administration eyes improvements

The operation of Field Sales vehicles is the second greatest expense incurred by the Sales Department, topped only by salaries.

"It's an area where we can provide effective control over a very large expenditure," said Larry W. Giddens, who was named manager - Fleet Administration when the department was formed late last year.

Before the creation of Fleet Administration, functions related to managing the Field Sales fleet were handled by six departments: Accounts Payable, Safety, Purchasing, RJR Industries Asset & Risk Management, Sales Administration and Sales Services.

In consolidating the functions, Fleet Administration is responsible for:

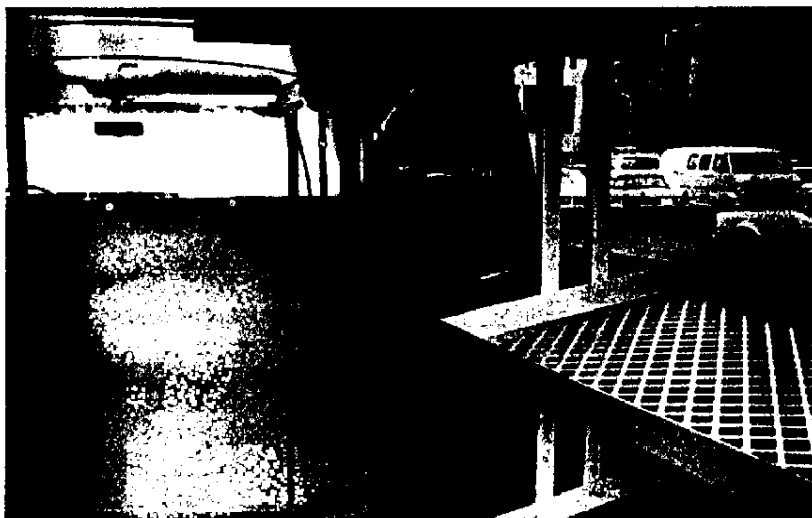
- purchase and disposal of company vehicles;
- a safety program;

First in a series

- development and revisions of vehicle policies and procedures;
- monitoring operating costs;
- maintaining vehicle master files; and
- reviewing and processing accident reports.

As part of the consolidation, Fleet Administration is revising forms and procedures that will reduce the administrative workload for Field Sales. Soon, the department plans to install word processors to allow for storing and retrieving vehicle related statistics, accident information, vehicle deliveries, maintenance and other relevant data.

"We've contracted with Peterson, Howell and Heather, a fleet management firm, to provide assistance in several areas, including purchase of new vehicles, sale of used vehicles, automotive services, mainte-



Van improvements include sliding, lockable door to the cargo area and more shelving capacity.

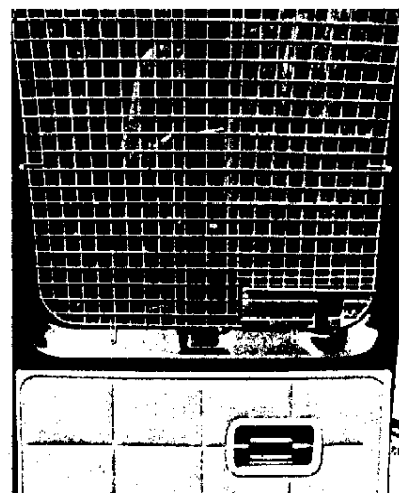
nance control and reporting services," said Giddens. "Right now, we're testing their services and a recommendation will be made later this year."

Giddens added that Fleet Administration continuously monitors Field Sales comments regarding vehicles and has responded with several improvements on company vans, including:

- sliding, lockable doors between the second seat and the cargo area;
- darkened glass on partitions;
- window screens on rear doors;
- shelf redesign to accommodate increased capacity;
- nuts and bolts to secure shelving; and
- improved alarm systems in the future.

These changes allow sales representatives more efficient use of their vehicles and improved security.

"Everyone can play a role in helping to make our fleet operation more efficient," said Giddens. "Good driving habits and proper maintenance control by all drivers will help us reduce our expenditures in this area, too."



Rear window screens on vans are hidden by tinted glass.

NEW ORLEANS — Challenge of the 'Big Easy'

PACKAGE LIQUOR - BAR
HURRICANES TO GO



New Orleans Region Division Managers



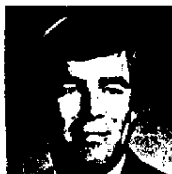
H.J. Helntz III



R.M. Adkins



D.C. Sorensen



D.E. Owens



C.W. Meadows

Selling cigarettes in the New Orleans sales region can best be described as "The Challenge of the Big Easy."

New Orleans is often called "The Town of the Big Easy" because of the laid-back, take-every-day-as-it-comes attitude common in the city that boasts the ballyhoo of Bourbon Street as one of its main attractions.

That relaxed and festive lifestyle is largely the result of two strong influences that pervade most of the region: Cajun Culture and Deep South tradition. The Cajuns, free-spirited descendents of French Canadians who settled in Louisiana, are noted for their lust for life and their strong belief that there is little worth getting upset over.

This presents a unique challenge to the 56 sales representatives and 12 managers who work the region, which comprises all of Louisiana and Mississippi, as well as seven counties in northeastern Texas.

Oil and lumber are the primary industries in the region. Tourism is also important to the economy, particularly in New Orleans and the Mississippi River cities of Natchez and Vicksburg.

"We do things with a sense of urgency that they have a hard time appreciating," said Rod Sommer, New Orleans regional sales manager. "The Challenge of the Big Easy is working to maintain RJR's aggressive stance in the face of a society that feels that nothing is urgent. This presents great challenges for all of our people."

Karl Kottlowski, the New Orleans chain account manager, agreed. "The biggest sense of frustration that I feel relates directly back to The Big Easy," he said. "When I go into somebody and say: 'Let's do it,' I would rather have the guy say: 'No, I'm not going to do it,' than to tell me: 'I'll think about it.'"

Despite these difficulties, and

increased competition in recent years, R.J. Reynolds last year captured a 37.8 share of the regional market, with \$158 million in sales.

Through the efforts of employees in the company's three Louisiana divisions (New Orleans, Lafayette and Shreveport), two Mississippi divisions (Jackson and Hattiesburg) and the New Orleans chain division, RJR brands and POS materials continue to dominate the predominantly rural region.

Because of the region's rural texture, there is a strong market for specialty tobacco products, especially in the Jackson, Shreveport and Hattiesburg divisions.

To accommodate that request, Jackson Division Manager Ron Adkins utilized existing tobacco adapters for a tobacco display. By placing this display and a carton merchandiser at adjacent gondola ends, Adkins created a total tobacco department for one of his stores, giving RJR excellent exposure for both cigarettes and tobacco.

That type of innovation marks each of the New Orleans region's divisions. H.J. Heintz, manager of the Hattiesburg Division, developed the backseat organizer that is now used nationally to hold pasters, shelf strips, decals and riser cards. And he played a large part in developing the prototype for the field fixed sign, which is also used nationally.

Lafayette Division Manager Doug Sorensen confronted with an ordinance prohibiting ground-mounts and pole-mounts, mounted his sign inside a plate glass window, giving RJR considerable visibility. He also devised a way to mount PCDs on the front of cash registers in Cracker Barrel convenience stores because of counter-width limitations.

New Orleans Division Manager David Owens this year struck a deal with Zulu, the only black social organization that annually sponsors



Innovative use of a free-hanging canopy as a department sign and a gondola end frame as a non-self-service packaging vehicle help boost sales in this Schwegmann's market in Metairie, La.

a float in the Mardi Gras parade. Owens arranged to advertise Bright in the Zulu Mardi Gras program, and Bright was sampled at the organization's King's and Queen's balls.

After those events, RJR presented the Zulus with portraits of their king and queen, which now hang in the Zulu hall. Because of the relationship Owens established, next year's events will feature increased RJR participation.

During the two-week period preceding Mardi Gras day (the Tuesday before Ash Wednesday), more than a million tourists pour into New Orleans. Sales representatives in the New Orleans division prepare by paying close attention to stock levels at retail and by ensuring increased placements of temporary displays and POS materials.

New Year's Day is also a time of increased sales activity as spectators surge into the city for the Sugar Bowl. Preparation for the event coincides with the annual Christmas drive. Superdome cigarette sales are now limited to vending machines, positioning the Superdome as an as-yet-untapped opportunity for RJR.

Chains account for about 12.5 percent of the region's volume, while military sales comprise about 3.2 percent, with heaviest sales in



The field fixed sign, now used nationally, is one of the many innovations that originated in the New Orleans sales region.

Shreveport and Hattiesburg.

Shreveport, the largest of the region's divisions, covering all of northern Louisiana and some of northeastern Texas, is home to two Air Force bases and an Army base, which account for about 9 percent of the division's volume.

Hattiesburg, which covers southern Mississippi, does about 6 percent of its business in military accounts: Keesler AFB, Columbus AFB and the Coastal Naval Exchange. The Hattiesburg division also includes the Mississippi Gulf



New Orleans Division Manager David Owens plans to increase RJR participation in Mardi Gras festivities this year.

Coast, a resort area that is anticipated as the next major growth area in the region, primarily from a chain standpoint.

Another major growth area is Baton Rouge, in the Lafayette division, which is the seat of Louisiana state government and the home of Louisiana State University.

While Winston and Salem are the predominant brands in Louisiana, for some unknown reason, Winston and Vantage are strongest in the two Mississippi divisions. "And it's also unusual because the farther you get away from the Gulf Coast, the stronger Vantage gets," Sommer said. "I wish I knew why, because whatever it is that's effective in that area, I'd sure do it some place else."

Regionally, menthol accounts for about 35 percent of volume with strongest menthol sales in the cities of New Orleans, Jackson and Shreveport, which are all more than 50 percent black.

Although New Orleans is about 65 percent black, there are no special efforts to target the black ethnic market because "blacks are located throughout New Orleans," Kot-

Sommer's simple philosophy: 'teamwork plus excellence'

"My basic management philosophy is very simple," said Rod Sommer. "I believe in the pursuit of excellence. And I believe in the standards of excellence."

Sommer, a soft-spoken, sandy-haired, 16-year R.J. Reynolds veteran, took charge of the New Orleans sales region a year ago.

Sommer has worked hard to motivate his people to improve upon the dominant market presence RJR has historically held in the New Orleans region. He strongly believes that the pursuit of that goal hinges on good planning and creative implementation of those plans.

"As a sales force, we have to address ourselves to how we can utilize our resources to maximize our impact in the marketplace," he said. "That requires a lot of planning and organization."

But, he conceded, no amount of planning will be fully effective without its implementation containing two essential ingredients: excitement and commitment.

"There's got to be a sense of excitement," he said, "a sense of being able to set aside any prejudices you have regarding a marketplace. You have to be open and willing to take some risks and try some new things. You have to experiment."

"I'm very strong on that commitment," he continued. "I think commitment comes from three areas. First, there is the commitment from the company to provide us with the product, the programs and the promotions that are going to help us to achieve greater volume."

"Second, there's got to be a commitment on the part of the sales rep to take those programs and promotions and utilize them in the marketplace."



"The Challenge of the Big Easy is working to maintain RJR's aggressive stance in the face of a society that feels that nothing is urgent," says New Orleans Regional Sales Manager Rod Sommer.

"The third commitment is on the part of management to the sales reps, to assist them in recognizing the opportunities and to help them implement and set those activities in place that will affect business."

Sommer has been helping to affect RJR business since he joined the company in 1967 as a sales representative in the Houston, Texas, division. Through his career, he has placed heavy emphasis on teamwork. "I very strongly believe in teamwork," he said, "teamwork between our people, and teamwork between our people and their accounts."

"And I think the other part of that teamwork is an appreciation of what the Home Office does for us and how we have to work together to, number one, determine those things that are good for us in the field. And, number two, allow our people in the Home Office the latitude to develop, with our input, those things that are going to help us in the field."

Kottlowski's K&B success was long, hard struggle

"Karl has been working for three years to come up with an overnight success."

That's how New Orleans Regional Sales Manager Rod Sommer summarized Karl Kottlowski's determined effort to crack K&B drugstores, a privately owned chain that accounts for about 75 percent of the New Orleans drugstore market.

Kottlowski, the New Orleans chain account manager for the past three years, recently sold K&B Merchandising Manager Dan Kendzie on placing a 120-pack wire PCD with lighter modification at each of the two cash registers in K&B's 120 stores in Louisiana and Mississippi.

Selling the program was a major achievement because K&B's volume potential is tremendous. The chain has averaged 450 cartons a week per store and "that was by doing everything wrong," Kottlowski said.

"Until very recently, K&B had no cigarette presence whatsoever — absolutely none," he said. "Cartons were not visible. Packs were barely visible. There were no displays of any sort."

Convincing the chain that it could benefit from R.J. Reynolds' marketing expertise was a long, difficult struggle because "they had a stranglehold on the marketplace that made them very difficult to move," Kottlowski said. "They had no competitive pressure and as long as their cigarette volume went up year after year, they couldn't care less what the actual volume was."

During a business review two years ago, Kottlowski made K&B aware that its cigarette franchise was starting to slip because of increased competition by Walgreen's and Eckerd's. He told the chain that there were two ways to

go: increase merchandising to enhance impulse buying; or cut prices.

"Their initial response was to flat-out cut prices to maintain their customer flow," Kottlowski said. "So they came out the next year with about a 50 percent increase in volume because they had literally given their cigarette profits away. They sold them at state minimums for the better part of a year, and their profits were persisted. A year ago, using the direct Product Profit Presentation



It took three years of hard work for New Orleans Chain Account Manager Karl Kottlowski to crack K&B, the dominant drug chain in the market.

for Drugstores, he convinced K&B management that it would benefit them to pay closer attention to their cigarette sales.

K&B conceded by allowing him to test three Shreveport stores through placement of non-self-service carton merchandisers, exposing RJR brands on a 90 percent level.

A short time later, Kottlowski convinced K&B that the extra exposure from a display would increase sales and the extra profit from package sales would increase margins. He clinched the deal for the PCD program, giving R.J. Reynolds an exclusive display.

towski said. "In terms of approaching blacks as a group, i.e., billboard, whatever, you can't do it, because they're not identified with any particular part of the city."

The same is true of Cajuns, who tend to prefer full-flavor, non-menthol brands. About 150,000 Cajuns live in the region, but they can't be targeted because they are scattered throughout low-population areas and because they identify with advertising targeted to the general white population. French advertising isn't used because Cajuns speak a pidgin French that holds little resemblance to pure French, Sommer said.

While it's not helpful for a sales representative to speak French, he said, "I think it is helpful for a sales rep to understand some of the Cajun lifestyle, because Lord knows, it's had a tremendous influence. They're basically blue-collar laborers — a lot of fishermen. You have to be careful how you address them because they don't want to be reminded that they're basically a low-income group."

David Lind, a native New Orleansian who works the French Quarter, said that his knowledge of the cultural dynamics in New Orleans is a great asset to him. His biggest deficit is the lack of available parking spaces in the French Quarter.

As a result, Lind works the front of the Quarter (which is mostly traveled by tourists) primarily on foot, parking his van at a central parking deck and making several calls before returning to the van to restock.

To work the Quarter is to participate in a POS war. Lind will make a regular, two-week call and find that many of his decals and posters have been replaced by the competition. He'll correct that, but the next time he calls on the account, he's likely to encounter the same situation.

"It really is a battle," he said. "Whoever gives up first loses."



Through placement of an 8-tray PCD and an overhead packaging merchandiser, Doug Woods increased Ferrer's Gifts and Tobacco's business by 38 percent.



"It really is a battle. Whoever gives up first loses," says sales representative David Lind, who works the New Orleans French Quarter.

Doug Woods, the sales representative who works the central business district (CBD), adjacent to the French Quarter, confronts similar parking problems, especially recently since most of the city's downtown streets are torn up by construction in preparation for the World's Fair that will be held in New Orleans next year.

While Woods and Lind do a lot of their work on foot, sales representatives in most other areas in the region spend a lot of time driving, often having to travel far out of their way because of the rivers, bayous and swamps that abound in the Shreveport, Lafayette and New Orleans divisions. In fact, it's not uncommon for a sales representative to have to travel 25 miles to a call that is only two or three miles away — across a waterway.

Because of its peculiar problems, members of the New Orleans regional sales force agreed that calling New Orleans "The Town of the Big Easy" is only half correct. The region is big, but working it is anything but easy.



Permanent 30-pack checklane displays, three spinners at checkout and a canopied carton merchandiser establish strong RJR presence in this National supermarket in Metairie, La.

OVER HEAD

Good ideas spawn great merchandisers. That could be the catch phrase for the Merchandising-Field Sales teamwork that has led to the development of some of the finest merchandising concepts in the industry. The overhead package fixture is a perfect example.

Field Sales comments have long played a major role in helping Reynolds Tobacco maintain its merchandising superiority, and the development of the overhead package merchandiser is a good example of ideas taking shape.

More and more comments from the Field in 1979 referred to the difficulty in gaining and maintaining a competitive merchandising edge in high-volume package outlets, particularly in convenience stores with U-shaped checkout areas.

"Most of these outlets displayed packs on shelving or on our package fixtures below counterline, and we perceived this to be a real problem," said Larry Schreiber, director - Merchandising. "While many of these outlets represented only 150 cartons a week, they meant more than 1,000 transactions, or opportunities to increase trial and awareness."

Merchandising went right to work and spent a month investigating existing fixtures, modifications and the development of new component parts to allow for different configurations. Some ideas addressed some of the problems, but the U-shaped



Merchandising Managers Pete Schmidt and Don Youngren (left) inspect an overhead prototype.

checkout area presented a unique problem due to limited working space behind the counter.

"The one area all the outlets had in common was air space above the checkout area," said Schreiber. "As a result, a counter-mount overhead concept was developed."

The overhead, which offered definite advantages for the retailer and RJR, was not a new concept. But its negatives had to be overcome if it was to meet retail acceptance. For instance, the fixtures supplied by manufacturers then had to be purchased by the retailer (\$1,000), who also had to pay for installation. And, they required considerable space and had to be suspended from the ceiling.

"We spent another month analyzing these negatives and then developed broad conceptual guidelines that offered potential for making the fixture viable," said Schreiber. "The concept was presented to Sales

management and after it was approved, we spent another month in the Field, interviewing selected convenience store chains in metropolitan areas."

Interest on the trade prompted Merchandising to invite selected suppliers to Winston-Salem to discuss the concept. Four weeks later, suppliers submitted several conceptual drawings along with a recommended selection of materials for building the fixture.

H. King and Associates of Chicago was selected after a complete in-depth analysis of the proposals. Many factors went into the decision, according to Schreiber.

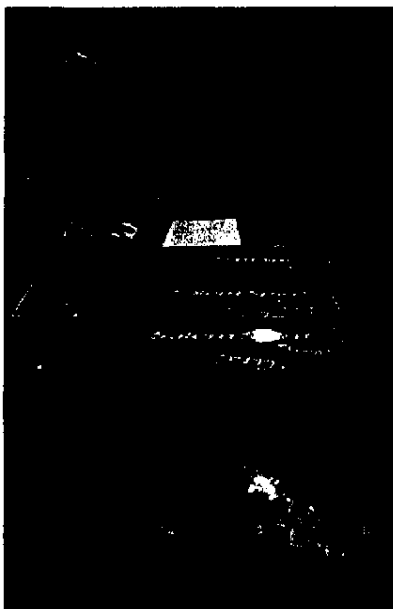
"We considered the supplier's understanding of our needs, its expertise in the types of materials and its engineering/design capabilities, practicality, budget and other factors," noted Schreiber. "We then asked them to submit a working prototype in eight weeks and worked



Larry Schreiber (left), director-Merchandising, reviews conceptual drawings with (from left) Bruce Hettler, group merchandising manager, and Merchandising Managers Carson Strickland and Sam Falco.



Loading overheads destined for the many thousands of retail outlets that have responded to the concept.



Assembly of the overhead package merchandisers kept hundreds of people busy.

very closely with them during that time."

Merchandising, Sales merchandising managers and other members of the Sales Department participated in analyzing the prototype in a mock supermarket, and three more prototypes were developed over the next six months based on their recommendations for improvements. Ease of loading was a major consideration in this phase.

"By the summer of 1980, we felt we had reached a point where multiple field tests were needed, prior to production," said Schreiber. "A final prototype with prices was submitted to Sales management with a recommendation to test 50 fixtures, 10 in each sales area. Management not only committed to the test but also to production quantities if the test proved positive."

Sales area meetings were held to determine the type of calls in which to test and to develop an analysis form to be used by Merchandising, sales area and chain accounts in the test divisions.

During the three months the fixtures were on the trade, Merchandising and sales area staff members called on each location and interviewed retailers. Response was extremely positive, and one chain wanted the fixture for all of their stores. Independents who saw the fixture in competitive stores requested them for their stores.

"Field Sales analysis was just as positive and only minor recommendations for improvements were made," said Schreiber. "Our analysis also revealed that we would have no problem incorporating a lighted sign to give us even more POS impact."

National production began and 3,500 units were ordered for delivery in early 1981. Three months after delivery, the order was increased since the fixture's acceptance proved to be so successful that the company experienced temporary

backorder problems before production could catch up with demand (while producing 400 a month).

Only three months after national introduction, Merchandising began considering the development of a new fixture.

"The fixture was making such a tremendous impact on the trade that we knew the competition would respond with their own," said Schreiber. "We knew they would address any negatives of our fixture, so we went right to work in the same vein."

Merchandising analyzed the entire overhead concept with an eye toward new criteria: flexibility, modularity, brand capacity, rich decor and retailer benefits. The supplier was called in to discuss the new criteria and another development process was begun (conceptual drawings, prototypes, refinements and tests).

At about the same time, the original fixture was entered in and won the Best of Industry Award from the Point of Purchase Advertising Institute.

"They say you shouldn't tamper with success, but competitive activity in the overhead concept proved us right," said Schreiber. "The final decision to proceed with the new modular overhead was made in November 1982, and 11 weeks later we were in production with a brand new unit."

Production of the new unit required extensive tooling, the

manufacture of special subcomponents and the coordination of more than 26 different suppliers of raw materials and parts. It also required the development of a facility and special work force for final assembly and packing. More than 2,000 people on any given day were employed as a result of the production, in small and large shops from New York to California.

"The initial production rate of 100 per day has increased to 200 per

day, a 100 percent increase over the original fixture," said Schreiber. "This production increase allows us to ship direct from our supplier or Winston-Salem warehouses to help meet demand."

Once the fixtures went into the field, they created more positive response and more comments from Field Sales. Changes such as adapting the front tray to accept Century have been the result of valued suggestions from Field Sales.

The birth of the canopy

Editor's Note: One of the most unique merchandising vehicles the company uses is the canopy sign. Originally designed to fit the Universal display, more than 25,000 canopy signs have been produced since its creation in 1980. In order to put into perspective the time and effort that went into the canopy sign, the following is a chronological summary of its development.

January 1980: DCI Marketing of Milwaukee, Wisc., is assigned to create a sign to fit on Universals.

February 1980: Initial sketches submitted of a shake shingle canopy were revised to incorporate a cigarette center area as well as pricing areas.

March 1980: Merchandising presented concepts to Regional Managers' meeting in Winston-Salem.

May 1980: After months of RJR research and subtle design changes, DCI is requested to produce six prototypes.

September 1980: DCI submits first prototype to Merchandising and Promotion in Milwaukee.

Meeting results in changing look of canopy from three to four shingles high; other graphics changes addressed. Later in the month, a totally new prototype is shipped to RJR with four shingles, changeable graphics and flexible pricing. This prototype was approved for 50 test units. Field testing showed the entire unit had to be shrunk due to space limitations.

November 1980: New prototype is delivered to reflect concerns from the field. Purchasing issues purchase order for injection molded tooling to begin — which normally takes 16-20 weeks. Field surveys continue.

April 1981: One year and four months after initial sketches were ordered, the first shots off the injection molded tooling were approved in Milwaukee.

July 1981: Initial production quantity of 700 units completed. A selection of canopy signs are available for field use. Additional 7,200 canopy signs ordered by end of 1981. Increased production ratios established.

CAMs discuss new concepts, new contracts

Thirty-eight chain accounts managers gathered at the Home Office in July for their second annual meeting to discuss new concepts and hear presentations by internal departments that support their efforts.

A major change in carton merchandising contracts announced by the Merchandising Department was the main topic for discussion in the general session. Larry Schreiber, director - Merchandising, brought

the managers up to date on the new contracts, and follow-up workshops further detailed the implications of the new program.

"Chain accounts managers spend a great deal of time solving problems in many areas, including merchandising, distribution, inventory and out-of-stocks," said Ralph Angiuoli, vice president - Field Sales. "Much of the discussion and information exchanged focused on these areas."

During his wrap-up presentation, Angiuoli noted that just a few years ago many of this country's major chains were selling cigarettes from vending machines and cartons from beneath checkout counters.

"We set out to change all that with a sales strategy designed to promote self-service merchandising and to reinforce the awareness that cigarettes can be profitable if merchandised properly," he told the group.

The merchandising programs that were developed, added Angiuoli, led to the creation of the position of chain accounts manager.

"The chains welcomed the specialization of our efforts," said Angiuoli. "But despite recognizing the importance of cigarette sales to their business, they needed continuing attention."

Securing space requirements for Reynolds Tobacco now and in the future has become the prime focus of chain account managers.

"The new contracts introduced and bonus incentives to convert to end cap merchandising will help them achieve their objectives," said Angiuoli. "Plus, by eliminating the one-shelf plans and dealing with minimum space requirements and rows, we will be able to secure the space requirements of future plans."

The shift in direction, said Angiuoli, is an important one and one that will keep Reynolds Tobacco one step ahead of competition.



Reynolds Tobacco honors bowling champs

Chuck Lewis (center), manager - Special Markets, presents championship trophies to Californians Mike Victor and Delana Thompson, who rolled their way to victory in the National Bowling Association-Bill Rhodman Classic in Chicago this summer. Reynolds Tobacco has sponsored the NBA's six regional tournaments and the Rhodman national classic since 1970. The NBA is the nation's largest black-oriented sports organization, boasting more than 25,000 members.

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Thompson has the 'plans' for his new assignment

When he was reassigned within the Grand Rapids, Mich., division, area sales representative W.L. Thompson went right to work looking for opportunities in his new assignment.

He found it with a chain of grocery stores, Felpausch (17 stores), and immediately chalked up several outstanding results including:

- Placing 13 UCM security carton merchandisers.
- Placing two 840 end-cap package merchandisers and 11 CPMs.
- Removing 15 competitive spinners.
- Removing nine stores from gondola and four stores from one-shelf plans.

Thompson's work resulted in eight plan 514, five plan 512 and one plan 5K4.

Geeting bumps competition in Utah country stores

J.A. Geeting, division manager in the Salt Lake City division, corralled a maverick in Utah when he secured a 6-tray MCD, Plan 4C in all 59 stores of Maverik Country Stores.

In doing so, Geeting bumped the competition from its exclusive display status and secured the No. 1 position near the cash register. Geeting's accomplishment is an excellent example of gaining the competitive edge for RJR through persistence.



A hot Winston Fourth

Area Sales Representative John Rutledge of the Orlando, Fla., division wanted to make sure Winston sales were hot during the Firecracker 400 celebration at Daytona International Speedway in July. He sold this 50-case Winston family display to the Kmart store near the speedway.

Riverside pair team up for Festival in Calif.

Military & Institutional Sales Manager - Field P.D. Wilhour and Area Sales Representative G.W. Swierczek of the Riverside, Calif., division made sure RJR was visible to the more than 750,000 people who attended the US Festival, a four-day musical celebration in Devore, Calif., last May.

The two secured exclusive distribution and POS along with 8-tray MCDs that were placed at no cost in 28 concession stands. During the four-day event, 11,000 packs were sold.



A concession stand at the US Festival.

MILITARY

Poole pulls triple play at McClellan Commissary

Area Sales Representative E.E. Poole of the Birmingham, Ala., division pulled a triple play at the Fort McClellan Commissary with three major accomplishments.

Poole sold a 100-case mass display of Winston styles to support the Winston 500 at Talladega, Ala., last May. He followed up with securing placement of RJR brands on the two top shelves in eight 20-case fixtures (horizontal) and an additional 12 rows on the third shelf (44 percent of the space).

Poole topped off his effort by selling a 300-case mass display for the Winston VPR offer July 4th.



Poole (right) and Commissary Officer Sam Veach agree on displays at Fort McClellan.



Gaining Camel smokers at Warren

A sampling representative offers a Camel sample to a competitive smoker during a special Camel Lights promotion in the Warren AFB Commissary. The promotion was part of the special Camel work plan in the Denver region.

Lexington duo team up with 40-case displays

Assistant Division Manager J.C. Bryant III and Area Sales Representative J.R. Bushong of the Lexington, Ky., division joined forces to increase RJR business at the Lexington Blue Grass Army Depot.

The two placed a first-time ever 40-case mass display at the commissary and the 40 cases were sold in 10 days. The commissary manager agreed to a 40-case mass display quarterly, based on the results.

Hannon helps the Navy in Century introduction

J.T. Hannon, military & institutional sales manager in the San Diego division, sold all his 20 Navy Exchanges their full Century allocation, totaling 26 cases of both styles of the new product.

He also sold an additional 14 cases of each and in his seven largest exchanges he obtained authorization to display Century on gondola ends for a full month.

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VENDING

No. 1 division tries even harder in Alabama

Even when you're No. 1, you try harder. With the best brands-per-machine average (13.72) of any division in the country, the Birmingham, Ala., division continued to pile up good vending results in the first half of 1983.

For the first two quarters, the division gained 2,667 net new placements; placed 122 vending machine toppers and 825 replacement panels and transparencies; and totally eliminated DataVend from the vending scene in the division.

Julian nets Camel Lights placements at Silco-West

Vending Sales Manager - Field D.R. Julian of the North Los Angeles Chain Division sold the Camel promotion to Silco-West and netted 2,941 additional Camel Light 100s placements, while boosting RJR brand average to more than 10. He also sold the promotion to Rowe Vending, gaining 847 new placements and increasing RJR brand average from 8.9 to 9.4.

Huntsville crew rides for 1,000 new placements

Several sales representatives in the Huntsville, Ala., division were successful in recent ride/withs that totaled nearly 1,000 net new placements.

- J.N. Rushton secured 313 net placements and increased RJR brand average from 14.32 to 17.86 with ARA Services (90) in Huntsville.

- C.G. Hill rode with Shearer Amusement (49) in Chattanooga, Tenn., and secured 210 net new placements while upping RJR brand average from 8.46 to 12.67. Hill also secured 405 new placements and boosted brand average from 7.60 to 13.60 with Graham Vending (66) in Dayton, Tenn.

Linville, Houston Summit team for excellent results

As home to the Houston Rockets professional basketball team, other local basketball and numerous concerts, Houston's Summit plays host to more than 1.5 million people a year.

Area Sales Representative M.A. Linville of the West Houston division and Vending Sales Manager - Field Chuck Taylor of the Houston chain division teamed up to take advantage of the Summit traffic in a mini-ride/with that gained 26 new placements and increased RJR brand average to 11.5 in the four machines on location there. They also placed four topper units and four refurbishing panels.

DeRitter sells promotion

J.W. DeRitter, vending sales manager in the South Los Angeles Chain Division, sold the Camel Promotion to Royal Vending, gaining 410 new placements and increasing brand average from 8.6 to 9.1.

Wilson, Raiford boost business in N. Carolina

M.A. Wilson, assistant division manager in the Norfolk, Va., division and Area Sales Representative H.P. Raiford of the Norfolk, Va., division, teamed up to boost RJR vending business in two North Carolina cities.

The two sold Spedic Vending Service (75) of Edenton, N.C., on a ride/with that gained 128 new placements and increased brand average from 8.21 to 10.02. This vendor also dropped DataVend in favor of Tru-Check.

Wilson and Raiford also sold Liberty Vending (19) of Murfreesboro, N.C., a ride/with that resulted in 152 new placements and increased RJR brand average from 7.95 to 10.21. Tru-Check also replaced DataVend with this vendor.

Giesler gains placements

Vending Sales Manager - Field John Giesler of the Oklahoma City chain division sold a work/with and Tru-Check to Oklahoma State Vending (70). He expects to gain 100 new placements and increase RJR brand average to 11.8.

PROMOTIONS & APPOINTMENTS

J.P. Renehan has been promoted to national sales personnel manager in the Home Office Sales Department.



Renehan joined the company in 1975 as a sales representative in the South Boston, Mass., division, where he was promoted to area sales representative the following year. He was promoted to area manager - vending in the North Boston division in 1976 and returned to the South Boston division as assistant division manager the following year.

Renehan was promoted to division manager in the Norfolk, Va., division in 1979, and became sales training and development manager in the South Atlantic Sales Area in 1981. He was appointed merchandising manager in that sales area the following year.

J.W. Regan, formerly national trade relations manager, has been named national sales planning manager in the Home Office.



Regan joined R.J. Reynolds in 1970 as a sales representative in the North Chicago, Ill., division where he was promoted to area sales representative the following year. He was promoted to assistant division manager in the Portland, Ore., division in 1972, and became division manager in the South Seattle, Wash., division in 1975. He transferred to the San Fernando Valley, Calif., division in 1976, and was promoted to chain accounts manager in the Los Angeles chain division the following year. He was promoted to vending sales manager in the Pacific/Mountain Sales Area in 1979 and later became sales training and development manager in that sales area. He was promoted to national trade relations manager in the Home Office in 1982.

W.F. Davenport, formerly regional sales manager in the Omaha, Neb., region, has transferred to the Home Office as national trade relations manager.



Davenport joined the company in 1955 as a sales representative in the Roanoke, Va., division. He was promoted to assistant division manager in the Grand Rapids, Mich., division in 1957 and was promoted to division manager in the Chicago, Ill., division in 1961. Davenport was promoted to assistant regional sales manager in the Boston, Mass., region in 1966, and was promoted to regional sales manager in the Omaha region the following year.

P.E. Schmidt has been promoted to merchandising manager in the Home Office Merchandising Department.



Schmidt joined the company in 1972 as a sales representative in the Albany, N.Y., division, where he was promoted to area sales representative the following year. He was promoted to assistant division manager in the New Haven, Conn., division in 1977 and became division manager there in 1981.

J.M. Lanterna has been promoted to budget and planning manager in the Pacific/Mountain Sales Area.



Lanterna joined the company in 1972 as a sales representative in the Baltimore, Md., division, where he was promoted to area sales representative the following year. He was promoted to assistant division manager in the West Detroit, Mich., division in 1976, and was named division manager in the Lansing, Mich., division in 1980.

R.N. Young has been promoted to sales merchandising manager in the South Atlantic Sales Area.



Young joined the company in 1970 as a sales representative in the Charlotte, N.C., division, where he was promoted to area sales representative the following year. He was promoted to assistant division manager in the Bristol, Va., division in 1974 and was promoted to sales training manager in the Home Office in 1978. Young was named division manager in the Winston-Salem, N.C., division in 1982.

D.R. Gibbons has been promoted to division manager in the Sioux Falls, S.D., division.



Gibbons joined the company in 1974 as a sales representative in the Sioux City, Iowa, division, where he was promoted to area sales representative in 1976. He was promoted to assistant division manager in the Sioux Falls division in 1978, and transferred to the Dallas, Texas, division in 1981.

J.S. Alley has been promoted to division manager in the North Seattle, Wash., division.



Alley joined the company in 1973 as a sales representative in the East Los Angeles division, where he was promoted to area sales representative in 1975. He transferred to the North Los Angeles division in 1976, and was promoted to area manager - merchandising in the Los Angeles chain division in 1978. He was promoted to assistant division manager in the Orange County, Calif., division in 1979 and the following year transferred to the San Diego division.

PROMOTIONS & APPOINTMENTS

D.M. Palmer has been promoted to division manager in the Lansing, Mich., division.



Palmer joined the company in 1973 as a sales representative in the West Cleveland, Ohio, division, where he was promoted to area sales representative the following year. He was promoted to assistant division manager in the South Pittsburgh, Pa., division in 1977.

G.M. Richardson Jr. has been promoted to division manager in the New Haven, Conn., division.



Richardson joined the company in 1973 as a sales representative in the Jersey City, N.J., division. He transferred to the North Jersey division the following year and was promoted to area sales representative. Richardson was promoted to area manager - vending in that division in 1978, and was named assistant division manager in the New Haven division in 1980.

S.R. Wilson has been promoted to division manager in the Winston-Salem, N.C., division.



Wilson joined the company in 1974 as a sales representative in the Jacksonville, Fla., division, where he was promoted to area sales representative the following year. He was promoted to assistant division manager in the Winston-Salem division in 1978.

W.J. Caya has been promoted to division manager in the San Gabriel Valley, Calif., division.



Caya joined the company in 1978 as a sales representative in the Oakland, Calif., division, where he was promoted to area sales representative the following year. He was promoted to area manager - merchandising in the San Francisco chain division later in 1979 and was named assistant division manager in the Riverside, Calif., division in 1981.

W.A. Lowe Jr. has been promoted to assistant division manager in the Dallas, Texas, division.



Lowe joined the company in 1974 as a sales representative in the Dallas division, where he was promoted to area sales representative in 1976. He transferred to the Dallas Mid-Cities division in 1980, and was promoted to area manager - vending there later that year. In 1981, he was promoted to area manager - merchandising in the Dallas chain division.

R.S. Brouwers has been promoted to assistant division manager in the Spokane, Wash., division.



Brouwers joined the company in 1972 as a sales representative in the Boise, Idaho, division, where he was promoted to area sales representative the following year. He transferred to the Salt Lake City, Utah, division in 1981.

R.A. Bicknell has been promoted to assistant division manager in the Sacramento, Calif., division.



Bicknell joined the company in 1980 as a sales representative in the San Francisco division, where he was promoted to area sales representative the following year.

E.L. Turner has been promoted to assistant division manager in the East Detroit, Mich., division.



Turner joined the company in 1978 as a sales representative in the Flint, Mich., division, where he was promoted to area sales representative in 1980. He was promoted to area manager - merchandising in the Minneapolis chain division in 1981.

William Medina has been promoted to assistant division manager in the South Bronx, N.Y., division.



Medina joined the company in 1974 as a sales representative in the South Bronx division, where he was promoted to area sales representative in 1976. He transferred to the Queens, N.Y., division in 1980 and was promoted to training and development manager - field in the New York Regional training and development division in 1982.

PROMOTIONS & APPOINTMENTS

Christine L. MacAdams has been promoted to assistant division manager in the Portland, Ore., division.



MacAdams joined the company in 1980 as a sales representative in the San Jose, Calif., division, where she was promoted to area sales representative the following year.

T.L. Fjellestad has been promoted to assistant division manager in the Corpus Christi, Texas, division.



Fjellestad joined the company in 1978 as a sales representative in the Sioux Falls, S.D., division, where he was promoted to area sales representative the following year. He transferred to the West Kansas City, Kans., division later in 1979.

G.L. Dobbs has been promoted to training and development manager - field in the Los Angeles regional training and development division.



Dobbs joined the company in 1980 as a sales representative in the North Los Angeles division, where he was promoted to area sales representative the following year.

G.A. Schweitzer has been promoted to training and development manager - field in the Los Angeles regional training and development division.



Schweitzer joined the company in 1973 as a sales representative in the Long Beach, Calif., division, where he was promoted to area sales representative the following year. He was transferred to the Orange County, Calif., division in 1976.

Since you Asked

Q: Why do vehicles that have been traded continue to appear in the Divisions' Cumulative Automobile Analysis for long periods of time?

A: Our Internal procedures require that we continue to list the traded vehicle on the Divisions' Cumulative Automobile Analysis until we receive payment for the vehicle.

Q: The program routing forms are handled frequently and become quite tattered. Something should be provided to protect these reports.

A: The Sales Training and Development Department has recently developed and made available a binder to protect these reports. Division management can order these binders through the regular process.

QUIK FAX

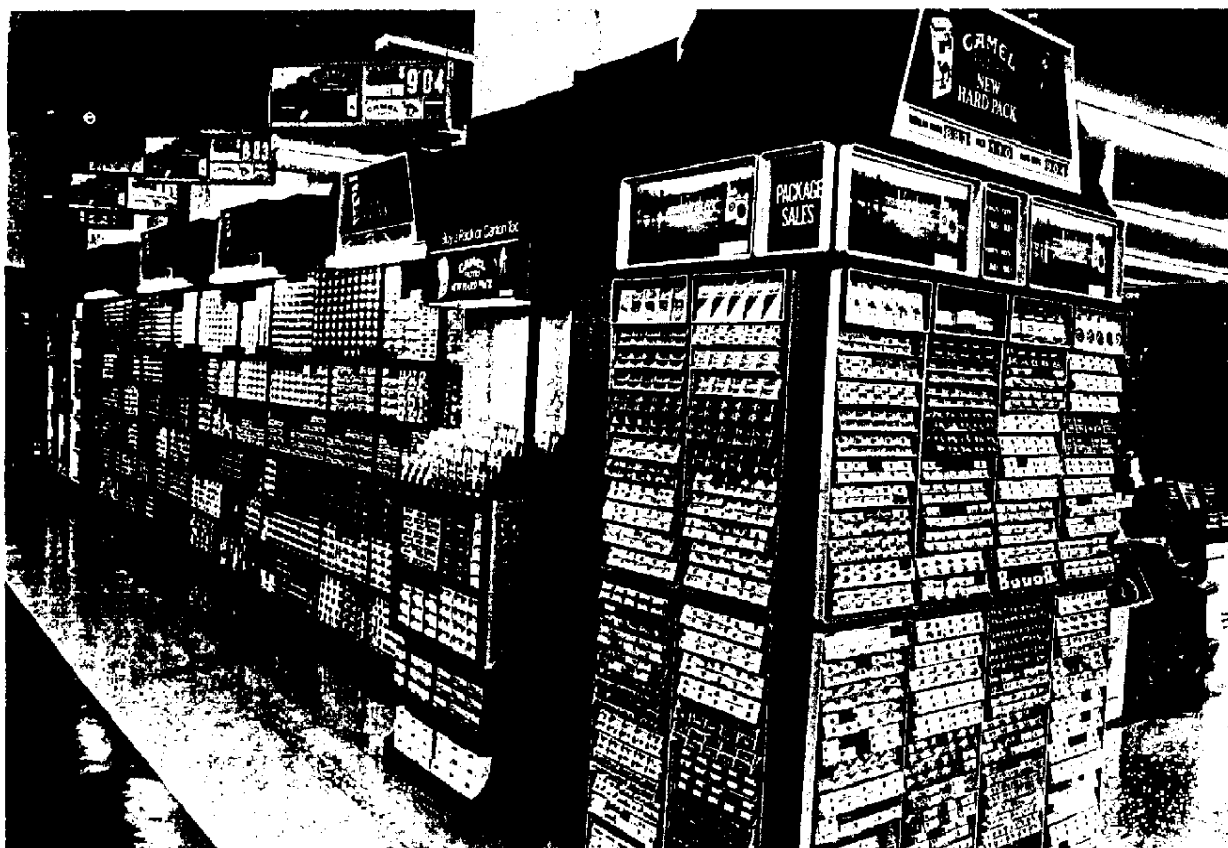
Convenience Store
Percentage of Sales Per Store
Per Year by Product Group

Tobacco products continue to be the largest-selling non-gas merchandise item in convenience stores, representing nearly 18 percent of all sales in 1982.

Sales of tobacco products increased from 14.38 percent to 17.56 percent over 1981, and sales of other non-food items increased to 6.03 percent from 4.26 percent. This may indicate a trend to carry additional non-food items with high gross margins in the future.

At right is a breakdown of sales per store per year by product group (source: Convenience Store Industry annual report:)

	Non-Gas		
	1980	1981	1982
Tobacco Products	14.01%	14.38%	17.56%
Beer/Wine/Liquor	11.54	12.11	15.62
Soft Drinks	10.46	10.89	12.43
Milk/Dairy Products	9.83	9.70	8.66
Groceries	9.10	9.25	11.46
Snacks	7.40	7.21	2.89
Candy/Confectionary	5.30	5.30	5.12
Baked Goods	5.26	5.06	4.27
Fast Foods	4.60	4.73	2.41
Health & Beauty Aids	5.09	4.71	4.69
Meat & Deli	4.50	4.33	1.90
Other Non-Food Items	4.54	4.26	6.03
Periodicals	4.41	4.18	2.32
Other Food Items	3.96	3.89	4.64
	100%	100%	100%



Presence at retail in New York chain division

New York Chain Account Manager E.D. Pusateri and Merchandising Manager - Field K.M. O'Hare of the New York chain division teamed up for an impressive show of Reynolds Tobacco presence in this Foodarama Shoprite in West Babylon, N.Y. They secured approval to place an end-frame package merchandiser with five 96-row single-depth carton merchandisers with canopy top signs (Plan 514). Cigarettes, previously sold from a non-self-service courtesy booth, accounted for approximately \$800 in sales. As a result of the new setup, first-week sales were approximately \$12,000 in cigarettes, and chain personnel predict weekly sales of \$20,000. In addition, the pair placed new, modular, 30-pack checklane displays at all 13 checkouts, which are the only cigarettes sold at beltline.

SALES MERCHANDISER

July-August 1983

Published for members of the Field Sales Force of
R.J. Reynolds Tobacco Company.

Editor Gene Scialdone

MERCHANDISER offices are located in the Reynolds Building, 17th Floor, Winston-Salem, NC 27102. Telephone (919) 777-7674.

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